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TESTIMONY

STATE MANAGEMENT OF FEDERAL TRANSPORTATION FUNDS

SUMMARY OUTLINE

1. The DRIC debate has exposed inefficiencies in how Michigan administers its statewide transportation and federal-aid program.

2. The information generated by the debate has given rise to questions on how the State transportation finance program is managed and whether the process is fully understood by the public. Specifically:

- Why isn't the State capable of matching its annual federal transportation appropriations?
- What are the impediments to this objective?
- How can the public better engage and assist in solving this problem?
- What techniques and methods can be used in achieving meaningful results?

3. The Michigan transportation planning model does not comport with other State models. There is limited public dialogue (other than the extended DRIC debate) on current, new and alternative methods to better leverage federal aid. Moreover, a reference document that thoughtfully and accurately describes current State transportation process – its needs, budgets and issues – is hard to find.

4. Best State practices and models address these issues differently. Given the diminution of transportation revenues for all States, today there is greater emphasis on (a) public engagement in prioritizing critical needs and paying for them, (b) methods for achieving efficiencies in allocating local aid and (c) where funding shortfalls exist, applying alternative revenue enhancement strategies.

5. Given this, Michigan may want to revise its framework for assessing its transportation needs and the methods to pay for them. As a starting point, consider methods to:

- Productively educate and engage the public in all aspects of the transportation issue. This process should be explained and presented in a widely distributed guidance manual that is easy to read and digest.
- Restructure the local aid allocation process. This may require a bringing together of local, regional, metropolitan and State interests - forging a consensus on a viable solution for meeting the federal-aid match for roads and bridges. A committee of the State Legislation would be ideal in coordinating this effort with MichDOT.
- If and when funding shortfalls persist, consider and test innovative finance, investment and fee strategies to better leverage federal transportation dollars. There is no silver bullet but strategies may range from tolls, leveraging through the State Infrastructure Bank to

considering the fast approaching future concept of taxing users for miles traveled on State roadways.

STATE MANAGEMENT OF FEDERAL TRANSPORTATION FUNDS

DISCUSSION

Introduction

Good afternoon. My name is Valerie Southern. I am the president of a transportation planning and engineering firm situated in Virginia. I have assisted federal, regional, state and local governments in transportation matters across this nation for 30 years. Before private practice, I served in several executive positions including Deputy Secretary of Transportation for the Commonwealth of Massachusetts, Expert Consultant to the Federal Highway Administration and Transportation Planning Director for the King County government in Seattle, Washington. As consultant, my clients include local and state governments in Washington State and Virginia. My federal clients are the US Department of Defense and the Department of Transportation. I was educated at Harvard University and the University of Rhode Island.

My experiences have led me to the fundamental belief that all transportation problems can be solved if there is persistent good will by decision makers, like your selves, in considering all sides of the issue and considering every possibility before arriving at a conclusion.

Issues

I have had the opportunity to listen to the public discussion on the DRIC issue. I have also had the chance to review and evaluate the Michigan state transportation planning process from the context of the DRIC and from the broader context of State needs. As with any public discussion on future directions,

1. The DRIC debate has exposed inefficiencies in how Michigan administers it statewide transportation and federal-aid program. The debate has highlighted the State's chronic inability to meet its transportation federal-aid match responsibilities – thus leaving federal dollars on the table. This is a common challenge that other States face every day but DRIC supporters have stated, in this context:

- The $550 Canadian contribution to the DRIC will meet the required 20% match and eliminate the need to use State funds for the project and
- This infusion of Canadian funds will bring desperately needed federal-aid to the State, which could be used to support other local transportation improvements.

For the reasons given by Marc Lemon is his earlier testimony, these assumptions are false.

2. The DRIC debate has also given rise to questions on how the State transportation finance mechanisms are managed and whether the process is fully understood by the public. I believe the public is asking at this point:

- **Why isn't the State capable of matching its annual federal transportation appropriations?**
- **What are the impediments to achieving this objective?**
- **Why are foreign funds needed to advance the State's transportation business?**

- **How can the public better engage and assist in solving this problem?**
- **What techniques and methods can be used in achieving meaningful results?**

While these are all important questions, I found no clear explanation in the current literature and documents generated by the MichDOT on why the shortfalls are occurring. It was also difficult to discern key DRIC facts due to the varying reports on the nature and condition of the Canadian money and the unfortunate misinformation that the project would generate $2.2B in additional federal aid.

The issue real appears to be that:

- On the state side, Michigan annually collects roughly $1.8B in non-federal State transportation revenue. These revenues support an assortment of local sources. This includes the Michigan Transportation Fund (MTF) – which contains the lion's share – about 90% - of all State generated transportation dollars. The fund is replenished by gasoline excise tax, fuel and vehicle registration taxes. The State distributes MTF revenue among various programs including the State Trunkline Fund (STF) for construction and maintenance of the State primary highway system (the State trunkline system) and the Comprehensive Transportation Fund (CTF) which supports public transportation.
- On the federal side, Michigan annually receives, on average, **$1.0B** in federal transportation appropriations from Congress and the USDOT for its roads and bridges. This is a result of national transportation legislation – such as SAFETEA-LU – which authorizes appropriations of available federal Highway Gas Tax dollars to States based on formula, availability and most important – based on national transportation objectives and needs.
- The State 20% match requirement for its federal-aid to support roads and bridges would generally be **$250M** or 16% of State transportation revenues collected.
- The allocation of 16% of the State's transportation revenues to achieve the 80% return in Federal dollars for roads and bridges should be achievable and a key objective for any State transportation planning program. The question becomes – given the level of State revenues, why is the State unable to meet its federal match requirements?

3. Base on my review of the Michigan transportation planning model, I submit to you today that the shortfall appears to have little to do with the DRIC or the proposed Canadian contribution to the DRIC. The problem appears to be differences in the **Michigan Transportation planning model compared to other State models. When** I assess State transportation programs, I look for how the programs are structured, their efficiencies and performance and the institutional methods for checks and balances – including State Legislative oversight and the involvement of the metropolitan, regional and local planning agencies and – last but most important – the involvement of the public at large. All of this, **other than the extended DRIC debate, is missing or at least diminished in Michigan.**

Specifically:

- The Michigan Five-Year Transportation Plan offers generic guidance but the State Legislature has little or no involvement in selecting or approving projects for the Plan.

- There is limited interaction among key stakeholders on statewide transportation needs, priorities and methods for overcoming funding shortfalls.
- The State DOT also appears to be constrained – as its authority for setting capital spending priorities for roads and bridges is limited to 8.1% of all State roadway miles. The remaining mileage is under the jurisdiction of county and local agencies.
- These local agencies represent 83 county road commissions and 533 counties and villages. They control nearly 92% of the State's road miles including many that are federal-aid eligible. Roughly 50% of State transportation revenue is distributed to these agencies by statutory formula. So in addition to receiving State formula funds – which we discussed earlier - State law mandates the local agencies receive 25% of all State federal aid. Put another way, before the anticipated $1.0B in federal transportation support can be fully considered, 25% must be immediately set aside for local projects.
- And, lastly, there does not appear to be State oversight, in any meaningful way, to determine if the 25% federal aid supports the goals and objectives of the State DOT and the State Legislature; especially in meeting the federal match.

Best State Practices

4. I have found in my work that **the best State practices and models address these issues differently. Today, every state is experiencing a diminution of its transportation revenues. Because of this, there is greater emphasis by the States on (a) public engagement in prioritizing critical needs and paying for them, (b) methods for achieving efficiencies in allocating local aid and (c) where funding shortfalls exist, applying new and alternative finance and revenue enhancement strategies.** Often there is not one strategy or magic bullet, as suggested by DRIC supporters. Best transportation practices by State are usually diverse and attempt to meet many objectives in different ways. Specifically:

4.a Public Engagement. While methods for each State vary, the optimal process offers clear roles and defines the interactions that should occur between the State Legislature, transportation commission and board, regional and metropolitan planning organizations (MPOs), local agencies and the public. The process is intended to open communications and educate the public, increase transparency, enhance cooperation and ultimately problem solve.

Descriptions of how States set transportation priorities are summarized in *Table 1: Comparative State Transportation Planning and Capital Program Management Practices* presented on page 7. In Texas, for example, the State Transportation Commission, TxDOT and the State Metropolitan Planning Organizations (MPOs) share responsibility for continually updating the unified Transportation Program and the State Transportation Improvement Plan (STIP). In Virginia, the process is embodied in *VTrans2035* – a comprehensive multimodal statewide transportation blueprint, updated every five years. The plan is influenced by comments received from the public in scheduled public forums and an array of state, regional and local stakeholders. Attachments that describe the process are included with this testimony:

<u>Attachment #1:</u> *VTrans2035* Executive Summary which explains State priorities, identifies the funding shortfalls for each and, on page 25, outlines the collectively agreed upon funding and

investment strategies. The outcomes and deliverables of this Virginia model are summarized here.:

Outcomes of the *VTrans 2035* Process	
Goals	A general statement of purpose that reflects a desired end.
Performance Measures	Methods for evaluating investment options and monitoring progress toward achieving goals.
Target Setting	Establishing performance measures and applying a specific value for each.
Resource Prioritization	Analysis of the expected impact of *VTrans* recommendations and initiatives, which are used by decision makers to prioritize initiatives.
Measure and Report Results	A method for tracking of the plan and monitoring its impact on goals and performance measures as various project initiatives are implemented.

Attachment #2: VDOT flyer summarizing the *VTrans* process and requesting feedback from the public.

Attachment #3: An example of keen public interest from State bicycle interest strongly encouraging member participation in the *VTrans* process.

4.b Allocation of Local Aid. As noted, the Michigan process is tied to restrictive State rules that allocate 25% of all transportation federal-aid to local entities. Moreover, the local road agencies dominate the transportation decision making and federal aid process. State best practices for distributing local aid are summarized in *Table 1: Comparative State Transportation Planning and Capital Program Management Practices.* While these practices vary by State, there are common themes:

- State DOTs and State Legislatures play a critical and decisive role in allocating federal and state aid to local entities.
- Local aid is allocated by program categories to a number of recipients; not just local road agencies. These allocations are to counties, cities and towns by formula based on specific criteria such as motor vehicle registrations and street miles.
- In stark contrast to Michigan, the Virginia model links local aid to criteria focused on statewide system needs. This is presented in the recently revised *Virginia Statute 33.1-23.05 – Revenue-Sharing Funds for Highways Systems in certain Counties, Cities and Towns* (see Attachment #4). The statute provides:
  - Local aid up to $1M may be allocated to a county, city or town to improve, construct or reconstruct roadways within the State primary and secondary system of highways.
  - Priority is given when the local funding commitment exceeds the amount of requested local aid.

- Priority is given when the local request accelerates the completion of a capital project listed in the State Six-Year Improvement Program or the local capital plan.
- Local aid may not languish and must be expended within two subsequent fiscal years of the initial allocation.
- All State local aid allocations are capped at $50M each fiscal year.

4.c Innovative Finance and Investment Strategies. The creative transportation finance strategies used most consistently by States include debt financing; tolling and fees; and public-private partnerships. These are explained in *Table 2: Innovative Transportation Finance and Investment Strategies* on page 10.

Recommendations

5. I wish to conclude by advising the following. **I believe Michigan should consider revising its framework for transportation decisions and investments. As a starting point, consider methods to:**

- **Productively engage and structure the public discussion.** Currently the State Legislature, MPOs, local planning agencies, toll authorities, MichDOT and the public have limited involvement and should participate to a greater degree in the project identification, prioritization and funding process. Their specific roles and responsibilities should be clearly defined and embodied in a comprehensive and continuous statewide process. As a starting point, the State could consider the Virginia *VTrans2035* method.
- **Restructure the local aid allocation process.** This may take several forms including removing the mandated 25% local share of federal aid in State law and apply performance measures and criteria on how local aid is allocated to achieve State goals and optimize the federal match. Another option may be to give greater authority, control and more funds to the local agencies but apply specific performance measures and criteria to ensure the highest and best use of transportation funds to meet State needs and match all State federal-aid. Put another way – the State allocation process to locals should replicate the Federal process for States.
- **If and when funding shortfalls persist, apply innovative finance and investment strategies to better leverage federal transportation dollars.** This may include use of GARVEE bonds, the State Infrastructure Bank, tolls credits or soft match. Other innovations may include TIFIA loans, congestion pricing and well managed P3 initiatives. This is summarized in *Table 2: Innovative State Transportation Finance and Investment Strategies*, page 11.

Conclusion

I wish to thank this Committee for this opportunity to discuss viable options that I believe the State has at its disposal for addressing State transportation needs and shortfalls without the infusion of foreign dollars and with out the need to build a new bridge. Your most reasonable options may be just a better and higher use of the resources that you already have and that currently exist.

Now I will, with Marc Lemon, to answer any questions.

Table 1: Comparative State Transportation Planning and Capital Program Management Practices		
1	**Michigan**	▪ **Transportation Planning**: MDOT has jurisdiction over only 8.1% of the State's road miles. Local agencies control the rest. MDOT guides the process and selects projects for its capital road and bridge construction/reconstruction program. Projects are selected primarily to meet pavement and bridge performance goals set in 1997, and statewide geographic distribution. Metropolitan Planning Organizations (MPOs) coordinate local projects but do not select projects for the State Plan. The State Transportation Commission approves the Five Year Plan as a broad planning document but does not select or question specific projects. ▪ **Legislative Role in Transportation Planning**: Legislative involvement is very limited. The Legislature has made efforts to designate specific projects and to require legislative approval of the five-year MDOT plan. These efforts have largely failed, and the Legislature neither selects projects nor approves the five-year plan. ▪ **Transportation Funding Allocations through Local Aid.** Local agencies control nearly 92% of the State's road miles, including many that are federal-aid eligible. Most State transportation revenue is distributed to local road agencies by statutory formula. State law also requires that an average of 125% of federal aid b e set aside for local projects. There is little State oversight of these local agencies.
2	**Arizona**	▪ **Transportation Planning Process:** ADOT administers the state highway system and coordinates transportation planning. ADOT develops an annual priority program of capital improvements for highway and aviation and a Five Year Highway Construction Program based on extensive public participation and technical evaluation, which are approved by the State Transportation Board. The agency's Multimodal Planning Division facilitates multimodal planning in cooperation with MPOs, federal agencies, tribes, counties, cities, the public and other stakeholders. ▪ **Legislative Role in Transportation Planning**: The Legislature has the power to appropriate funds for transportation projects in the State. It also can amend statutes that pertain to transportation planning, e.g., to conform to federal requirements. Otherwise, the legislative role is limited. ▪ **Transportation Funding Allocations through Local Aid.** ADOT allocates State Highway Fund discretionary funds (state and federal) to counties based on established percentages. The State Treasurer distributes a portion of the Highway User Revenue Fund to counties, cities and towns by statutory formulas based on population and fuel sales. The ADOT director distributes a portion of the Vehicle License Tax to cities, county and towns by statutory formula based on population. The State also distributes slightly more than $10M per years to cities, towns and counties for public or special needs transit.
3	**Colorado**	▪ **Transportation Planning Process:** The Transportation Commission (appointed by the governor and approved by the General Assembly), in coordination with the CDOT executive director, is charged with allocation of funds and project identification, selection, prioritization and approval. CDOT provides the commission with reports, statistics, information and assistance. The CDOT executive director is required by State law to plan, develop, construct, coordinate

		and promote an integrated transportation system and initiate comprehensive planning measures. CDOT has an extensive planning process that includes local governments and other stakeholders in project selection and planning. Key priority decisions, however, rest with the Transportation Commission. ▪ **Legislative Role in Transportation Planning:** Limited. The General Assembly determines statutory funding formulas and overall authority, gives some direction regarding priorities, and enacts some specific appropriations. Specific project planning and approval are delegated to the Transportation Commission. ▪ **Transportation Funding Allocations through Local Aid.** Highway User Tax Fund revenues are distributed to the State Highway Fund (65%), counties (26%), and cities and towns (9%). Revenues for counties are distributed by a statutory formula based on historical allocation ratios, specified percentages, rural motor vehicle registration, countywide motor vehicle registrations, land miles and square feet of bridge deck. Revenues for cities and towns are distributed by statutory formula based on adjusted urban motor vehicle registration and street miles. CDOT makes discretionary grants to local governments for airport improvements; other grants are made, within statutory requirements, for enhanced drunk driving enforcement. The State infrastructure Bank makes loans for highway and aviation purposes.
4	**Pennsylvania**	▪ **Transportation Planning Process:** Every two years, PennDOT – in cooperation with other planning partners – prepares and submits to the State Transportation Commission a multimodal, fiscally constrained Twelve-Year Transportation Program that details transportation improvements to be undertaken during the next 12 years, along with anticipated schedules and costs. Projects are identified by diverse stakeholders, then prioritized by MPOs, rural planning organizations or county planning agencies in conjunction with PennDOT. Other modal organizations are provided the opportunity for representation on the MPO/rural planning organization coordinating and technical committees. The program is approved by the State Transportation Commission. ▪ **Legislative Role in Transportation Planning:** The State Transportation Commission includes legislative leaders. Legislators generally can provide testimony for specific projects during the update of the Twelve-Year Transportation Program. On occasion, legislators are appointed to MPO and rural planning organization boards. ▪ **Transportation Funding Allocations through Local Aid.** Funds to local governments are mainly distributed by statutory formula. Municipalities receive a certain amount of fuel tax receipts, a portion of the Motor License Fund and supplemental funding for municipal highway maintenance, as appropriated by the General Assembly. These funds are distributed by statutory formula based on population and road mileages. Counties receive a certain amount of liquid fuel ax receipts based on historic formula and a portion of the Motor License Fund based on bridge deck area. A limited amount of funding to local governments is made for selected bridge projects and for transferring state-owned roads to local ownership.
5	**Texas**	▪ **Transportation Planning Process:** TxDOT and MPOs work together to create the Unified Transportation Program and the State Transportation Improvement Plan (STIP). Project needs are identified at the local level by TxDOT district offices,

		MPOs, transit and rail agencies, port authorities and local toll project entities. TxDOT works with local entities to identify, develop and approve plans and funding strategies, with commission oversight. After funding is identified, the project planning and development process begins, with public involvement and hearings Project contracts then must be approved. The Transportation Commission finally approves funding and authorizes construction based on funding availability and local priorities. TxDOT oversees implementation. ▪ **Legislative Role in Transportation Planning:** The legislature has no formal role in transportation planning except to set statutory guidelines for the process and to help set spending levels through appropriations. The Legislature has statutorily delegated responsibilities for transportation planning and determining investment priorities to the Texas Transportation Commission. ▪ **Transportation Funding Allocations through Local Aid.** A portion of State gasoline tax receipts is deposited to the County and Road District Highway Fund, from which the State Comptroller distributes money to counties by a statutory formula based on area, rural population and lateral road mileage. Counties also receive funds from appropriations to the Special County Road Assistance Program. These funds are distributed by statutory formula based on total and unincorporated populations; and lineal, paved and concrete road miles. In addition, counties act as agencies for the State in collecting vehicle registration fees; a portion of these fees is retained by the collecting county. The State allocates federal local aid per federal requirements; some is discretionary based on the State transportation Plan, and for aviation, project qualifications
6	**Virginia**	▪ **Transportation Planning Process:** VDOT works cooperatively with MPOs, localities and other modal entities in transportation planning. At the state level, the various modal agencies work cooperatively with representatives from MPOs and regional planning organizations on development of an overall State vision – with goals and strategies – in the statewide multimodal transportation plan (*VTrans*), which is adopted by the Commonwealth Transportation Board. Each modal agency then develops plans and programs with the State vision, goals and strategies in mind. VDOT is heavily involved in project identification and planning for highways in rural areas; MPOs, the State and transit operators are cooperatively responsible for planning within urbanized areas. Each modal agency drafts recommendations and priorities, based on an assessment of need as well as indications of support from local, regional, MPO and State stakeholders (i.e. elected officials). VDOT, MPOs, localities, regional planning organization, elected officials and citizens are invited to present recommendations and feedback through a public hearing process annually to the Commonwealth Transportation Board. This information is used by the Commonwealth Transportation Board to determine specific projects and investment priorities to advance the Six-Year Improvement Program. ▪ **Legislative Role in Transportation Planning:** The General Assembly can identify priority projects in the annual Appropriations Act. State elected officials serve on some of the large MPOs, which play a critical role in determining which project advance within the MPO area. The statewide multimodal transportation plan, *VTrans*, must be updated and presented to the General Assembly and the governor every four years. The General Assembly determines funding for rail, transit, ports

		and airports in statute, and must authorize debt. ▪ **Transportation Funding Allocations through Local Aid.** Local aid is distributed through State legislative appropriation, VDOT allocation of funds by formula and within existing statutory requirements, and VDOT discretionary allocation of funds. Construction funds are allocated for urban system highways by statutory formula based on population. A revenue-share statute requires the Commonwealth Transportation Board to match any appropriation for State highways with an equivalent local aid allocation. (See Attachment #4 – Revenue-sharing Statute.)

Source: State Profiles, Transportation Governance and Finance, National Conference of State Legislatures, 2011.

Table 2: Innovative State Transportation Finance and Investment Strategies			
Strategy	**Description**	**Use in Michigan?**	**Other States**
Debt Financing			
Grant Anticipation Revenue Vehicles (GARVEEs)	Any bond, note, certificate, mortgage, lease, or other debt financing instrument issued by a State or political subdivision whose principal and interest is repaid primarily with federal-aid funds	**Yes:** No documentation on whether transportation bonds issued	▪ 2007: Nationwide, total dollar of State GARVEE transportation transactions increased to $7.6 B ▪ $40M – Arizona; $750M – Maryland; over $0.5B – Georgia, California and Colorado
Private Activity Bonds (PABs)	Public borrowing from private capital markets, secured by a project's revenues. Interest income earned on bonds used by a private company for a public purpose. Income exempt from federal, state and local income taxes, thus reducing the cost of capital (including cost of letters of credit)	**Yes:** Michigan Strategic Fund: PABs for solid and hazardous waste disposal facilities, manufacturing projects	▪ The total amount of private activity bonding is subject to annual limits ▪ SAFETEA-LU amended IRS code to include "qualified highway or surface freight transfer facilities" as eligible projects for tax-exempt PABs ▪ On-going debate on whether advisable to use public subsidies for purchase of public assets by private entities ▪ $580M in PABs: Virginia I-495 Capital Beltway HOT Lanes
Transportation Infrastructure Finance and Innovation Act (TIFIA) Loans	Federal credit assistance designed to attract private investment in transportation Infrastructure. Projects meet certain criteria (such as the use of public-private partnerships and/or advanced technology) for nationally or regionally significant projects. Intended to expedite projects through access to direct loans, loan guarantees, or lines of credit. TIFIA assistance		▪ 2008: Nationwide State TIFIA applications for 32 projects totaled $31.6B

	may be provided for up to 33% of total project costs. Eligible projects must be supported, at least partially, with user charges or other non-federal dedicated funding sources.		
State Infrastructure Banks (SIBs)	Revolving funds to finance highway and transit projects; typically provide direct loans with attractive interest rates. Revenue generated by loan repayments. Interest used to fund additional loans.	X	▪ Ohio, Arizona, Florida, Texas, South Carolina among Stated that use their transportation federal-aid to capitalize their SIBs
Tolling and Fees			
Enhanced Toll Authority	A charge to use a transportation facility, which is used to finance that facility	**Yes.**	▪ 2007: More than $15M in toll revenue from New Jersey Turnpike Authority transferred to other public purposes ▪ Texas and Florida: 67 new tollway projects underway and 23 in operation
Congestion Pricing	A toll where roadway use is priced to reduce demand; efficiently use roadway capacity and to raise revenue. Based on principle that the price of accessing available roadway capacity should be higher at times of day when demand is greatest.		▪ According to USDOT, if congestion pricing were used in areas of major congestion, could reduce need for new roadway capacity by $20B ▪ Minnesota DOT: priced dynamic shoulder lanes (PDSLs) on existing I-35 lane; SOVs tolled. ▪ Virginia DOT: HOT – high occupancy toll lanes (HOT) on new I-495 lanes. SOV tolled.
Vehicle Miles Traveled (VMT) Fees	Fees that charge drivers directly for each mile traveled.		▪ States are exploring VMT fees as a long-term solution for transportation funding ▪ Seminal study conducted by Oregon DOT
Public Private Partnerships (P3s)			
Asset Leases	A type of PPP in which	**Pending**	▪ Illinois: $1.8B – 99 year lease –

	public sector leases an asset, such as a toll road, bridge, or airport, to private sector. The private sector provides an upfront payment or an agreement for revenue sharing (or both) to the public sector in exchange for the lease. During the term of the lease, private sector manages and operates the facility and receives a return on its investment, typically from user fee revenues such as tolls.	**legislation.**	Chicago Skyway Toll Bridge ▪ Indiana: $3.8B – 75-year lease – Indiana Toll Road
Private Financing and Management	Private sector responsibility for design, build, finance, operate, and maintain (DBFOM) new facility. Another variation is Design, Build, Operate and Maintain (DBOM) PPP. Intended benefit is to accelerate project delivery and lessen total cost.		▪ Florida, Texas and Virginia: use tolls and P3s to finance new road construction ▪ Growing list of State "lessons learned"
Sources: *(1)* Innovative State Transportation Funding and Finance, Policy Options for States, National Governor's Association (NGA) Center for Best Practices, 2009 and *(2)* State Profiles, Transportation Governance and Finance, National Conference of State Legislatures, 2011.			